

Message Text

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PAGE 01 PANAMA 00305 162213Z

15

ACTION ARA-20

INFO OCT-01 ISO-00 DRC-01 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-20

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TAGS: EFIN, PN

SUBJ: PANAMA ANNOUNCES BUDGET FOR 1974

REF: TOAID A-4 MARCH 8, 1973

SUMMARY: ON JANUARY 11, FINANCE MINISTER SANCHIZ ANNOUNCED THAT GOP CLOSED 1973 BUDGET YEAR WITH DEFICIT OF B/ 1.2 MILLION, SMALLEST DEFICIT SINCE 1966. MINISTER OF PLANNING AND ECONOMIC POLICY BARLETTA RELEASED ON JANUARY 14 GOP'S BUDGET FOR 1974. ORDINARY BUDGET TOTALS B/ 260.7 MILLION, EQUIVALENT TO AN INCREASE OF 15.9 PERCENT OVER 1973. INVESTMENT BUDGET TOTALS B/ 315 MILLION FOR AN INCREASE OF 40 PERCENT OVER LAST YEAR. SUM OF TWO BUDGETS IS NOT PRECISE PUBLIC SECTOR PLANNED SPENDING FIGURE FOR 1974 SINCE DOES NOT INCLUDE OPERATING BUDGETS OF AUTONOMOUS ENTERPRISES, ALTHOUGH DOES INCLUDE THEIR PLANNED INVESTMENT. END SUMMARY.

1. ON JANUARY 11, LOCAL PRESS REPORTED STATEMENT BY MINISTER OF FINANCE AND TREASURY MIGUEL SANCHIZ THAT GOP CONCLUDED BUDGET

UNCLASSIFIED

PAGE 02 PANAMA 00305 162213Z

YEAR 1973 WITH

DEFICIT OF B/ 1.2 MILLION, SMALLEST DEFICIT SINCE 1966 (ONE BALBOA EQUIVALENT ONE US DOLLAR).

2. MINISTER OF PLANNING AND ECONOMIC POLICY NICOLAS ARDITO BARLETTA ANNOUNCED THE GOVERNMENT'S 1974 BUDGET ON JANUARY 14. HE SAID THE 1974 ORDINARY BUDGET TOTALED B/ 260.7 MILLION (INCLUDING DEBT SERVICE AND TRANSFER PAYMENTS), EQUIVALENT TO AN INCREASE OF 15.9 PERCENT OVER THE REVISED 1973 BUDGET OF B/ 225 MILLION. ACCORDING TO PRESS ACCOUNTS, BARLETTA SAID THE ESTIMATED INCREASE OF SOME B/ 35 MILLION IN REVENUES WOULD NOT REQUIRE NEW TAXES BUT WOULD BE ACHIEVED THROUGH REFINEMENTS IN EXISTING TAXES AND THROUGH TRANSFER OF SOME FUNDS REMAINING FROM SUBSIDIES AND ALLOCATIONS IN THE 1973 BUDGET. THE FOLLOWING OBLIGATIONS TO THE VARIOUS BRANCHES OF THE EXECUTIVE AND OTHER AGENCIES (IN MILLIONS OF BALBOAS) CAN BE COMPARED WITH THOSE IN 1973 IN TABLE 2 OF THE REFAIR.

PRESIDENCY	3.3
COMPTROLLER GENERAL	3.6
GOVERNMENT AND JUSTICE	33.6
FOREIGN RELATIONS	4.7
EDUCATION	57.5
PUBLIC WORKS	14.1
MINISTRY OF FINANCE	5.7
AGRICULTURAL DEVELOPMENT	9.8
COMMERCE AND INDUSTRY	2.2
HEALTH	28.1
LABOR AND WELFARE	2.2
PLANNING AND ECONOMIC POLICY	1.4
HOUSING	4.3
JUDICIAL BRANCH	2.2
ELECTORAL TRIBUNAL	1.5
NATIONAL ASSEMBLY	1.7
ATTORNEY GENERAL'S OFFICE	1.4
OFFICE OF PRICE CONTROL	0.5
BONUS TO GOVERNMENT EMPLOYEES	6.6
TRANSFERS	18.9
DEBT SERVICE INCLUDING	
AMORTIZATION	57.4

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PAGE 03 PANAMA 00305 162213Z

COMMENT: PERCENTAGE INCREASES OF MOST ITEMS IN BUDGET ARE LESS THAN OVER-ALL 15.9 PERCENT INCREASE. NOTABLE EXCEPTIONS ARE AGRICULTURE (40 PERCENT) AND HOUSING AND PLANNING (NEW MINISTRIES).

2. BARLETTA ALSO ANNOUNCED THAT THE PUBLIC SECTOR INVESTMENT BUDGET WOULD BE B/ 315 MILLION IN 1974, A 40 PERCENT INCREASE

OVER THE BUDGETED INVESTMENT PROGRAM FOR 1973. HE INDICATED THAT THE INVESTMENT PROGRAM WOULD BE FINANCED BY B/ 41 MILLION PROVIDED BY THE CENTRAL GOVERNMENT, B/ 104 MILLION CONTRIBUTED BY VARIOUS GOVERNMENT AGENCIES, B/ 104 MILLION FROM LOANS AND B/ 66 MILLION FROM MISCELLANEOUS SOURCES (SEE TABLE 4 OF REPAIR). HE ADDED THAT REFINANCING OF PANAMA'S EXTERNAL COMMERCIAL DEBT IN LATE 1973 PERMITTED A SAVING OF B/ 20 MILLION FOR USE IN INVESTMENT PROJECTS. THE FOLLOWING ITEMS IN THE INVESTMENT BUDGET CAN ALSO BE COMPARED BY SECTOR WITH TABLE 4 OF REPAIR:

AGRICULTURE	60.4
COMMERCE AND INDUSTRIES	11.2
EDUCATION	N.A.
ELECTRIFICATION (INCLUDING BAYANO PLANT)	51.0
HEALTH (INCLUDING PANAMA CITY WATER SYSTEM)	28.1
TRANSPORTATION (INCLUDING TOCUMEN AIRPORT & DARIEN HIGHWAY)	52.8
TOURISM	2.6
HOUSING	71.9
TELECOMMUNICATIONS (INCLUDING 60,000 TELEPHONE LINES)	9.3

3. BARLETTA STATED THAT GREATER EMPHASIS WOULD BE PLACED ON REDISTRIBUTION OF GOODS AND SERVICES TO MARGINAL GROUPS AND MENTIONED THAT THERE WOULD BE NUTRITION PROGRAMS IN EACH OF THE 15 POOREST DISTRICTS OF THE COUNTRY.

4. AIRGRAM ANALYZING BUDGET WILL FOLLOW:

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PAGE 04 PANAMA 00305 162213Z

5. COMMENT: IT SHOULD BE NOTED THAT GOP BORROWED \$180 MILLION ABROAD DURING 1973, LARGELY FOR DEBT-REFINANCING.
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